CBSE
Class XII Accountancy
All India Board Paper Set 1 – 2015

Time: 3 hours **Max. Marks: 80**

General Instructions:
1) This question paper contains two parts **A** and **B**
2) Part **A** is **compulsory** for all
3) All parts of a question should be attempted at one place

Section A
(i) This section consists of **17** questions
(ii) All the question are compulsory
(iii) Question Nos. **1** to **6** are very short – answer questions carrying **1** mark each.
(iv) Question Nos. **7** to **10** carry **3** marks each
(v) Question Nos. **11** and **12** carry **4** marks each
(vi) Question Nos. **13** to **15** carry **6** marks each
(vii) Question Nos. **16** and **17** Carry **8** marks each

Section B
(i) This section consists of **6** questions
(ii) All questions are compulsory
(iii) Question Nos.**18** and **19** are very short – answer carrying **1** mark each
(iv) Question Nos. **20** to **22** carry **4** marks
(v) Question No.**23** carries **6** marks

SECTION A

1. In the absence of Partnership Deed, interest on loan of a partner is allowed :
(i) at 8% per annum
(ii) at 6% per annum
(iii) no interest is allowed
(iv) at 12% per annum

2. Geeta, Sunita and Anita were partners in a firm sharing profits in the ratio of 5:3:2. On 1.1.2015 they admitted Yogita as a new partner for $1/10^{th}$ share in the profits. On Yogita's admission, the Profit and Loss Account of the firm was showing a debit balance of ₹20,000 which was credited by the accountant of the firm to the capital accounts of Geeta, Sunita and Anita in their profit sharing ratio. Did the accountant give correct treatment? Given reason in support of your answer.

3. On the death of a partner, his share in the profits of the firm till the date of his death is transferred to the:
(i) Debit of Profit and Loss Account.
(ii) Credit of Profit and Loss Account.
(iii) Debit of Profit and Loss Suspense Account
(iv) Credit of Profit and Loss Suspense Account

4. Anant, Gulab and Khushbu were partners in a firm sharing profits in the ratio of 5: 3: 2. From 1.4.2014, they decided to share the profits equally. For this purpose the goodwill of the firm was valued at ₹2,40,000.

Pass necessary journal entry for the treatment of goodwill on change in the profit sharing ratio of Anant, Gulab and Khushbu.

5. Give the meaning of forfeiture of shares.

6. Nirman Ltd. issued 50,000 equity shares of ₹10 each. The amount was payable as follows :
On application - ₹3 per share
On allotment - ₹2 per share
On first and final call - The balance
Applications for 45,000 shares were received and shares were allotted to all the applicants. Pooja, to whom 500 shares were allotted; paid her entire share money at the time of allotment, whereas Kundan did not pay the first and final call on his 300 shares. The amount received at the time of making first and final call was:
(i) ₹2,25,000
(ii) ₹2,20,000
(iii) ₹2,21,000
(iv) ₹2,19,500

7. Guru Ltd. invited applications for issuing 5,00,000 equity shares of ₹10 each at a premium of ₹5 per share. Because of favourable market conditions the issue was over-subscribed and applications for 15,00,000 shares were received.
Suggest the alternatives available to the Board of Directors for the allotment of shares.

8. On 1.4.2013, Brij and Nandan entered into partnership to construct toilets in government girls schools in the remote areas of Uttarakhand. They contributed capitals of ₹10,00,000 and ₹15,00,000 respectively. Their profit sharing ratio was 2:3 and interest allowed on capital as provided in the Partnership Deed was 12% per annum. During the year ended 31.3.2014, the firm earned a profit of ₹2,00,000.
Prepare Profit and Loss Appropriation Account of Brij and Nandan for the year ended 31.3.2014

9. 'Suvidha Ltd.' is registered with an authorised capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company issued 1,00,000 shares for public subscription. A shareholder holding 100 shares, failed to pay the final call of ₹20 per share. His shares were forfeited. The forfeited shares were re-issued at ₹90 per share as fully paid up.
Present the 'Share Capital' in the Balance Sheet of the company as per Schedule VI Part I of the Companies Act, 1956, Also prepare 'Notes to Accounts'.

10. 'Good Blankets Ltd.' are the manufacturers of woolen blankets. Blankets of the company are exported to many countries. The company decided to distribute blankets free of cost to five villages of Kashmir Valley destroyed by the recent floods. It also decided to employ 100 young persons from these villages in their newly established factory at Solan in Himachal Pradesh. To meet the requirements of funds for starting its new factory, the company issued 50,000 equity shares of ₹10 each and 2,000 8% debentures of ₹100 each to the vendors of machinery purchased for ₹7,00,000.
Pass necessary journal entries for the above transactions in the books of the company. Also identify any one value which the company wants to communicate to the society.

11. Arun, Varun and Karan were Partners in a firm sharing profits in the ratio of 4:3:3. On 31-3-2014, their Balance Sheet was as follows :

Liabilities		Amount ₹	Assets	Amount ₹
Creditors		17,000	Cash	8,000
Bills Payable		12,000	Debtors	13,000
Karan's Loan		28,000	Bills payable	9,000
Capitals			Furniture	27,000
Arun	70,000		Machinery	1,25,000
Varun	68,000	1,38,000	Karan's Capital	13,000
		1,95,000		1,95,000

On 30.9.2014, Karan died. The partnership Deed provided for the following to the executors of the deceased partner

(a) His share in the goodwill of the firm calculated on the basis of three year's purchase of the average profits of the last four years. The profits of the last four years were ₹1,90,000; ₹1,70,000; ₹1,80,000 and ₹1,60,000 respectively.

(b) His share in the profits of the firm till the date of his death calculated on the basis of the average profits of the last four years.

(c) Interest @8% p.a. on the credit balance, if any, in his Capital Account.

(d) Interest on his loan @12% p.a.

Prepare Karan's Capital Account to be presented to his executors, assuming that his loan and interest on loan were transferred to his Capital Account.

12. Prem, Param and Priya were partners in a firm. Their fixed capitals were Prem ₹2,00,000; Param ₹3,00,000 and Priya ₹5,00,000. They were sharing profits in the ratio of their capitals. The firm was engaged in the sale of ready-to-eat food packets at three different locations in the city, each being managed by Prem, Param and Priya. The outlet managed by Prem was doing more business than the outlets managed by Param and Priya. Prem requested Param and Priya for a higher share in the profits of the firm which Param and Priya accepted. It was decided that the new profit sharing ratio will be 2: 1: 2 and its effect will be introduced retrospectively for the last four years. The profits of the last four years were ₹2,00,000; ₹3,50,000; ₹4,75,000 and ₹5,25,000 respectively. Showing your calculations clearly, pass a necessary adjustment entry to give effect to the new agreement between Prem, Param and Priya.

13. On 1.1.2008, Uday and Kaushal entered into partnership with fixed capitals of ₹7,00,000 and ₹3,00,000 respectively. They were doing good business and were interested in its expansion but could not do the same because of lack of capital. Therefore, to have more capital, they admitted Govind as a new partner on 1.1.2010. Govind brought ₹10,00,000 as capital and the new profit sharing ratio decided was 3:2:5. On 1.1.2012, another new partner Hari was admitted with a capital of ₹8, 00,000 for 1/10th share in the profits, which he acquired equally from Uday, Kaushal and Govind. On 1.4.2014 Govind died and his share was taken over by Uday and Hari equally. Calculate :

(i) The sacrificing ratio of Uday and Kaushal on Govind's admission.

(ii) New profit sharing ratio of Uday. Kaushal, Govind and Had on Hari's admission.

(iii) New profit sharing ratio of Uday, Kaushal and Hari on Govind's death.

14. 'Ananya Ltd' had an authorized capital of ₹10,00,00,000 divided into 10,00,000 equity shares of ₹100 each. The company had already issued 2,00,000 shares. The dividend paid per share for the year ended 31.3.2007 was ₹30. The management decided to export its products to African countries. To meet the requirements of additional funds, the finance manager put up the following three alternate proposals before the Board of Directors:

(i) Issue 47,500 equity shares at a premium of ₹100 per share.

(ii) Obtain a long-term loan from bank which was available at 12% per annum.

(iii) Issue 9% debentures at a discount of 5%.

After evaluating these alternatives the company decided to issue 1,00,000, 9% debentures on 1.4.2008. The face value of each debenture was ₹100. These debentures were redeemable in four installments starting from the end of third year, which was as follows:

Year	₹
III	10,00,000
IV	20,00,000
V	30,00,000
VI	40,00,000

Prepare 9% debenture account from 1.4.2008 till all the debentures were redeemed.

15. Mala, Neela and Kala were partners sharing profits in the ratio of 3: 2: 1. On 1.3.2015 their firm was dissolved. The assets were realized and liabilities were paid off. The accountant prepared Realisation Account, Partners' Capital Accounts and Cash Account, but forgot to post few amounts in these accounts.

You are required to complete these below given accounts by posting correct amounts.

Realisation Account

Dr. **Cr.**

Particulars		Amount ₹	Particulars		Amount ₹
To Sundry Assets :			By Provision for bad debts		1,000
Machinery	10,000		By Sundry Creditors		15,000
Stock	21,000		By Sheela's Loan		13,000
Debtors	20,000		By Repairs and Renewals Reserve		1,200
Prepaid Insurance	400		By Cash – Assets sold		
Investment	3,000	54,400	Machinery	8,000	
To Mala's Capital A/c		13,000	Stock	14,000	
Sheela Loan			Debtors	16,000	38,000
To Cash – Creditors paid		15,000	By Mala's Capital Investments		2,000
To Cash – Dishonored bill paid		5,000	By ________________		_______
To Cash Expenses		800			
		88,200			**88,200**

Capital Account

Dr. **Cr.**

Particulars	Mala ₹	Neela ₹	Kala ₹	Particulars	Mala ₹	Neela ₹	Kala ₹
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To Cash	12,000	9,000		By Cash			1,000
	23,000	**15,000**	**3,000**		**23,000**	**15,000**	**3,000**

Cash Account

Dr. Particulars	Amount ₹	Particulars	Cr. Amount ₹
To Balance b/d	2,800	By Realisation A/c	15,000
To Realisation A/c	38,000	Creditors paid	
Sale of Assets		By Dishonoured bill	5,000
To Kala's Capital A/c	1,000	------------------	
		By Mala's Capital A/c	12,000
		By Neela's Capital A/c	9,000
	41,800		**41,800**

16. 'BMY Ltd.' invited applications for issuing 1,00,000 equity shares of ₹10 each at a premium of ₹10 per share. The amount was payable as follows :
On application - ₹10 per share (including ₹5 premium)
On allotment - The balance
The issue was fully subscribed. A shareholder holding 300 shares paid the full share money with application. Another shareholder holding 200 shares failed to pay the allotment money. His shares were forfeited. Later on these shares were re-issued for ₹4,000 as fully paid up.
Pass necessary journal entries for the above transaction in the books of BMY Ltd.

OR

'Blur Star Ltd.' was registered with an authorized capital of ₹2,00,000 divided into 20,000 shares of ₹10 each. 6,000 of these shares were issued to the vendor for building purchased. 8,000 shares were issued to the public and ₹5 per share were called up as follows:
On application - ₹2 per share
On allotment - ₹1 per share
On first call - Balance of the called up amount

The amounts received on these shares were as follows:
On 6,000 shares - Full amount called
On 1,250 shares - ₹3 per share
On 750 shares - ₹2 per share

The directors forfeited 750 shares on which ₹2 per share were received.
Pass necessary journal entries for the above transactions in the books of Blue Star Ltd

17. Om, Ram and Shanti were partners in a firm sharing profits in the ratio of 3:2:1. On 1st April, 2014 their Balance Sheet was as follows:

Balance Sheet

Liabilities		Amount ₹	Assets	Amount ₹
Capital Accounts			Land and Building	3,64,000
Om	3,58,000		Plant and Machinery	2,95,000
Ram	3,00,000		Furniture	2,33,000
Shanti	2,62,000	9,20,000	Bills Receivables	38,000
General Reserve		48,000	Sundry Debtors	90,000
Creditors		1,60,000	Stock	1,11,000
Bills payable		90,000	Bank	87,000
		12,18,000		**12,18,000**

On the above date Hanuman was admitted on the following terms:
(i) He will bring ₹1,00,000 for his capital and will get 1/10th share in the profits.

(ii) He will bring necessary cash for his share of goodwill premium. The goodwill of the firm was valued at ₹3,00,000.
(iii) A liability of ₹18,000 will be created against bills receivables discounted.
(iv) The value of stock and furniture will be reduced by 20%.
(v) The value of land and building will be increased by 10%.
(vi) Capital accounts of the partners will be adjusted on the basis of Hanuman's capital in their profit sharing ratio by opening current accounts.
Prepare Revaluation Account and Partner's Capital Accounts.

OR

Xavier, Yusuf and Zaman were partners in a firm sharing profits in the ratio of 4:3: 2. On 1.4.2014 their Balance sheet was as follows:

Liabilities		Amount ₹	Assets		Amount ₹
Sundry Creditors		41,400	Cash at Bank		33,000
Capital Accounts			Sundry Debtors	30,450	
Xavier	1,20,000		Less: Prov. For Bad debts	1,050	29,400
Yusuf	90,000		Stock		48,000
Zaman	60,000	2,70,000	Plant and Machinery		51,000
			Land and Building		1,50,000
		3,11,400			**3,11,400**

Yusuf had been suffering from ill health and thus gave notice of retirement from the firm. An agreement was, therefore, entered into as on 1.4.2014, the terms of which were as follows:
(i) That land and building be appreciated by 10%
(ii) The provision for bad debts is no longer necessary.
(iii) That stock be appreciated by 20%
(iv) That goodwill of the firm be fixed at ₹54,000. Yusuf share of the same be adjusted into Xavier's and Zamna's Capital Accounts, who are going to share future profits in the ratio of 2: 1.
(v) The entire capital of the newly constituted firm be readjusted by bringing in or paying necessary cash so that the future capitals of Xavier and Zaman will be in their profit sharing ratio.
Prepare Revaluation Account and Partner's Capital Accounts.

SECTION B

18. Which of the following transactions will result into flow of cash?
(i) Cash withdrawn from bank ₹20,000.
(ii) Issued ₹20,000; 9% debentures for the vendors of machinery.
(iii) Received ₹19,000 from debtors.
(iv) Deposited cheques of ₹10,000 into bank

19. The accountant of Manav Ltd. while preparing Cash Flow Statement added depreciation provided on fixed assets to net profit for calculating cash flow from operating activities. Was he correct in doing so? Give reason.

20. Under which major headings and sub-headings will the following items be shown in the Balance Sheet of a company as per schedule VI Part I of the Companies Act, 1956 :
(i) Net loss as shown by Statement of Profit and Loss
(ii) Capital redemption reserve
(iii) Bonds
(iv) Loans repayable on demand
(v) Unpaid dividend

(vi) Buildings
(vii) Trademarks
(viii) Raw materials

21. The Current Ratio of a company is 2.1 : 1.2. State with reasons which of the following transactions will increase, decrease or not change the ratio:
(i) Redeemed 9% debentures of ₹1, 00,000 at a premium of 10%.
(ii) Received from debtors ₹17,000.
(iii) Issued ₹2,00,000 equity shares to the vendors of machinery.
(iv) Accepted bills of exchange drawn by the creditors ₹7,000.

22. The motto of 'Pharma Ltd', a company engaged in the manufacturing of low-cost generic medicines, is 'Healthy India'. Its management and employees are hardworking, honest and motivated. The net profit of the company doubled during the year ended 31-3-2014. Encouraged by its performance, the company decided to pay bonus to all employees at double the rate than last year.
Following is the Comparative Statement of Profit and Loss of the company for the years ended 31-3-2013 and 31-3-2014.

Pharma Ltd
Comparative Statement of Profit and Loss

Particulars	Note No.	2012-13 ₹	2013-14 ₹	Absolute Change ₹	% Change
Revenue from operations		20,00,000	30,00,000	10,00,000	50
Less Employee benefit expenses		12,00,000	14,00,000	2,00,000	16-87
Profit before tax		8,00,000	16,00,000	8,00,000	100
Tax Rate 25%		2,00,000	4,00,000	2,00,000	100
Profit after tax		6,00,000	12,00,000	6,00,000	100

(i) Calculate Net Profit Ratio for the years ending 31st March, 2013 and 2014
(ii) Identify any two values which 'Pharma Ltd' is trying to propagate

23. Following is the Balance Sheets of Solar Power Ltd as at 31.3.2014 :

Solar Power Ltd.
Balance Sheet

Particulars	Note No.	31-3-2014 ₹	31-3-2014 ₹
I. Equity and Liabilities			
1. Shareholder's Funds			
a. Share Capital		24,00,000	22,00,000
b. Reserve and Surplus	1	6,00,000	4,00,000
2. Non - Current Liabilities			
a. Long – term borrowings		4,80,000	3,40,000
3. Current Liabilities			
a. Trade Payables		3,58,000	4,08,000
b. Short Term Provisions		1,00,000	1,54,000
Total		**39,38,000**	**35,02,000**
II. Assets			
1. Non – Current Assets			
a) Fixed Assets			
(i) Tangible assets	2	21,40,000	17,00,000
(ii) Intangible	3	80,000	2,24,000
b) Non – Current Investments			
2. Current Assets			
a) Current Investments		4,80,000	3,00,000
b) Inventories		2,58,000	2,42,000

c) Trade Receivables d)Cash and Cash		3,40,000 6,40,000	2,86,000 7,50,000
Total		**39,38,000**	**35,02,000**

Notes to Accounts

Note No	Particulars	As On 31-3-2014	As On 31-3-2013
1.	**Reserve and Surplus**		
	(Surplus i.e. Balance in Statement of Profit and Loss)	6,00,000	4,00,000
2.	**Tangible Assets**		
	Machinery	25,40,000	20,00,000
	Less: Accumulated Depreciation	(4,00,000)	(3,00,000)
3.	**Intangible Assets**	80,000	2,24,0000
	Goodwill		

Additional Information:-

During the year a piece of machinery, costing ₹48,000 on which accumulated depreciation was ₹32,000, was sold at ₹12,000.

Prepare Cash Flow Statement.